

Washington, DC — Congressman Joe Sestak (D-PA) voted with Congressional colleagues to pass the Conference Report on the College Cost Reduction and Access Act. The legislation provides the single largest investment in higher education since the GI bill, and is a fiscally responsible bill, paid for by cutting excess subsidies to lenders in the student loan industry, that will bring no new cost to taxpayers. This legislation also includes a provision offered by Congressman Sestak to grant education loan forgiveness to those who commit to becoming Head Start teachers. — “Education security is critical to our national security. I am proud that Congress has acted to open the doors of our colleges and universities and make college affordable for more Americans. Helping our nation’s students and families pay for college is a critical aspect to America’s global economic competitiveness through fostering a talented and prosperous workforce,” said Congressman Sestak.

College costs have grown nearly 40 percent in the last five years, and students are graduating from college with more debt than ever before. Many would-be students are holding off on going to college, or skipping it altogether, because they don’t believe they can afford it.

The College Cost Reduction and Access Act includes significant investments to:

Strengthen the Middle Class by Making College More Affordable

The legislation cuts interest rates (in half from 6.8 percent to 3.4 percent) on subsidized student loans over the next four years. Additionally, it makes student loan payments more manageable for borrowers by guaranteeing that borrowers will not have to pay more than 15 percent of their discretionary income in loan repayments, and allowing borrowers in economic hardship to have their loans forgiven after 25 years.

Increase the Purchasing Power of the Pell Grant Scholarship

The bill increases the maximum Pell Grant scholarship by \$490 next year and at least \$1,090 over the next five years, ultimately reaching a maximum scholarship of at least \$5,400 by 2012, while expanding eligibility through needs analysis to include and serve more students with financial need.

Ensure a Highly Qualified Teacher in Every Classroom

The College Cost Reduction and Access Act will also provide upfront tuition assistance to qualified undergraduate students who commit to teaching in public schools in high-poverty communities or high-need subject areas.

Encourage and Reward Public Service

The bill includes provisions to provide public servants loan forgiveness after 10 years of public service and loan repayment for military service members, first responders, law enforcement officers, firefighters, nurses, public defenders, prosecutors, early childhood educators, librarians, and other public service employees.

Make Historic New Investments in Minority-Serving Institutions

The legislation makes a new landmark investment of \$510 million over five years in Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges, Alaska Native and Native Hawaiian institutions, and the newly designated Predominantly Black Institutions and institutions serving Asian Americans and Pacific Islanders and Native American students – to ensure that students will not only enter college, but remain and graduate.

Encourage State and Philanthropic Participation in College Retention and Financing

The bill includes provisions to establish a partnership among federal, state and local government entities and philanthropic organizations through matching challenge grants aimed at increasing the number of first generation and low-income college students.

The new provisions described above will be paid for in full by reducing redundant federal lender subsidies, while re-investing the vast majority of those funds directly for financial aid to students and families, who have been increasingly burdened by the skyrocketing cost of college tuition. The legislation achieves this objective by cutting lenders' special allowance payments, reducing the share of collection fees for student loan guarantee agencies, and eliminating an "exceptional performer" incentive program for lenders. College aid programs have been under increased scrutiny as improper relationships and conflicts of interest between school financial aid officers and lenders have been revealed.

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. House of Representatives.